

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00  
CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06  
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01  
/101 W

-----242115Z 024795 /73

R 240615Z JAN 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9742

AMEMBASSY QUITO

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL GUAYAQUIL

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EO 11652 NA

TAGS ETRD ENRG BR EC

SUBJECT: BRAZIL-ECUADOR REVITALIZE ECONOMIC TIES

1. SUMMARY: AS PART OF ITS ANNOUNCED FOREIGN POLICY OF STRENGTHENING TIES WITH LATIN AMERICAN COUNTRIES AND ITS UNOFFICIAL POLICY OF SEEKING ALTERNATIVE SOURCES OF PETROLEUM, BRAZIL HAS RECENTLY INITIATED EFFORTS TO STIMULATE TRADE WITH ECUADOR. ACCORDING TO ECUADOREAN EMBOFF, THE GOE IS EQUALLY EAGER TO DIMINISH ITS LARGE TRADE DEFICIT WITH BRAZIL AND ATTRACT BRAZILIAN TECHNOLOGICAL ASSISTANCE AND FINANCING FOR VARIOUS PROJECTS. END SUMMARY.

2. AS REPORTED IN THE BRAZILIAN PRESS, A GOB MISSION COMPOSED OF REPRESENTATIVES OF THE FONMIN AND VARIOUS STATE TRADING ENTERPRICES TRAVELED TO QUITO IN LATE NOVEMBER 1976 AS THE FIRST STEP TOWARD EXPANDING  
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BRAZILIAN-ECUADOREAN ECONOMIC RELATIONS. (TOTAL TRADE IN 1975 WAS ONLY US\$32.7 MILLION OF WHICH BRAZILIAN EXPORTS ACCOUNTED FOR US\$27.1 MILLION. SOURCE: CENTRAL BANK STATISTICS.) DURING THIS VISIT, IT WAS AGREED THAT PRELIMINARY TALKS WOULD CONTINUE IN BRASILIA IN EARLY 1977 PRIOR TO A FULL MEETING OF THE BILATERAL MIXED COMMISISION LATER

IN THE YEAR, ALSO IN BRASILIA. ACCORDING TO THE  
ECUADOREAN EMBASSY MINISTER HERE, THE NEXT ROUND  
OF TALKS WILL BEGIN ON FEBRUARY 7 AND FONMIN SALVADOR LARA  
WILL PROBABLY HEAD THE GOE DELEGATION TO THE MC  
MEETING. (THIS WILL BE THE FIRST MEETING OF THE  
BRAZIL-ECUADOR MIXED COMMISSION SINCE 1973.)

3. ECUADOREAN MINISTER TOLD EMBOFF THAT THE GOE  
RESPONDED ENTHUSIASTICALLY TO THE GOB OVERTURES  
AND THAT PRELIMINARY STUDIES INDICATE BILATERAL ANNUAL  
TRADE COULD EVENTUALLY INCREASE TO US\$1BILLION.  
UNDERSTANDABLY, THE ONLY ECUADOREAN  
EXPORT WHICH SERIOUSLY INTERESTS BRAZIL IS PETROLEUM. (ECUADOR  
PRESENTLY EXPORTS NO PETROLEUM TO BRAZIL.) THE ECUADOREANS ARE  
PRIMARILY INTERESTED IN OBTAINING BRAZILIAN TECHNOLOGY AND,  
HOPEFULLY, ALSO FINANCING FOR VARIOUS HYDROELECTRIC PROJECTS  
AND THE PLANNED QUITO-GUAYAQUIL HIGHWAY. ACCORDING TO THE  
ECUADOREAN EMB. MINISTER, THE MAIN ISSUE TO BE DECIDED BETWEEN  
THE TWO GOVERNMENTS IS HOW BRAZIL WILL PAY FOR ECUADOREAN  
PETROLEUM --IN TECHNOLOGY OR HARD CURRENCY. THE METHOD OF  
PAYMENT WILL ALSO BE SIGNIFICANT IN DETERMINING  
THE AMOUNT OF PETROLEUM ECUADOR WILL SELL.

4. PRESS REPORTS ALSO SPECULATED ON GOB INTENTIONS  
TO SOLICIT GOE SUPPORT FOR ITS DESIRES TO SECURE ACCESS FOR BRAZILIAN  
EXPORTS TO PACIFIC PORTS VIA THE AMAZON RIVER NETWORK. REFERENCE  
WAS ALSO MADE TO A GOB PLAN TO EXPAND REGIONAL COOPERATION IN THE  
AMAZON AREA TO INCLUDE AN AGREEMENT WITH ECUADOR (REF: 76 BRASILIA  
9416). HOWEVER, BOTH ECUADOREAN EMBASSY AND FONMIN OFFICIALS  
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STATE THESE TOPICS HAVE NOT BEEN FORMALLY DISCUSSED YET AND ARE  
SECONDARY TO ECONOMIC RELATIONS.  
CRIMMINS

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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